

THE LONG-TERM UNEMPLOYED **ACTION FOR A FORGOTTEN MILLION**



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PETER ASHBY

AN NCVO DISCUSSION DOCUMENT

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a forgotten
million

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FOREWORD

In recent years we have all been faced with the massive problem of the growing number of people out of work for more than a year: the long-term unemployed.

In keeping with its tradition of tackling the biggest social problems of the day, the voluntary sector has been prominent in developing a wide variety of schemes for helping people to cope with some of the consequences of long-term unemployment.

But, ultimately, voluntary organisations recognise the limitations of their contribution, and the overwhelming responsibility carried by government and society as a whole to establish what can be done, and what rights should be accorded to people caught in this position.

That is why NCVO's Policy Analysis Unit has drawn up this discussion document. I hope it will help ensure that in the coming months and years the issue of long-term unemployment moves much higher up the public agenda.

Bill Griffiths
Director, NCVO
July 1985

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Peter Ashby

INTRODUCTION

A FORGOTTEN MILLION

There is now an enlarged Community Programme for long-term unemployed people. There are education schemes for the long-term unemployed. There are various volunteering schemes for the long-term unemployed. And there are new 'job clubs' for the long-term unemployed.

Does this mean that everything possible is being done to help those who have been out of work for more than a year? Far from it. Only a minority of long-term unemployed people receive practical help from the Manpower Services Commission or other public agencies.

For more than a million there is nothing, apart from benefits.

This discussion document is about the four out of every five long-term unemployed people for whom no special provision is made. What are their rights? What should society now offer them?

This document is about the personal, political and moral crisis of long-term unemployment. It is about the forgotten million.

VOLUNTARY ORGANISATIONS

Voluntary organisations work directly with long-term unemployed people and their families in local communities throughout the country. They have first-hand experience of the isolation and hardship that result from long-term unemployment. And they are seriously concerned at the apparent lack of strategic planning by the Government about the future needs of the long-term unemployed.

Voluntary organisations tend to differ in their views about the causes of long-term unemployment, and about possible solutions. But they are generally of one mind that a concerted approach is desperately needed

to offer employment or other positive opportunities to all long-term unemployed people in Britain today.

NCVO POLICY ANALYSIS

This discussion document is not a statement of NCVO policy. It has been prepared by the NCVO Policy Analysis Unit to promote debate throughout the voluntary sector and more widely about how our society might best respond to the plight of the long-term unemployed.

The document does not consider the detailed workings of current special employment and training measures. These are taken up in other NCVO publications, referred to in the text.

The document does not consider wider issues of income maintenance and social security reform. These are currently being taken up by the Basic Income Research Group, which is supported by NCVO's Policy Analysis Unit.

1 THE CHARACTERISTICS OF LONG-TERM UNEMPLOYMENT

Why has long-term unemployment become such a major concern for voluntary organisations, and indeed for all who are disadvantaged in our society?

First, there is the sheer **number of long-term unemployed people** in Britain today.

- In January 1985, there were 1.3 million people who had been registered as unemployed for more than a year. ¹ 77% of the long-term unemployed were men, and 23% were women.
- 760,000 of the long-term unemployed had been out of work for over two years. ² During 1984 the number of people out of work for more than three years had increased by 38%, to 450,000. ³

Second, there is the fact that **the official figures conceal hundreds of thousands of other long-term unemployed people.**

- The official figures exclude long-term unemployed people who are registered for work, but not claiming benefit. They exclude long-term unemployed men over 60. ⁴ They exclude married women whose husbands are working (and also many thousands of married men with working wives). And they exclude long-term unemployed people with savings of more than £3,000.
- When concealed long-term unemployment is taken into account, there seems little doubt that we already

why?

have well over 1.5 million long-term unemployed people in Britain.

Third, there is the fact that long-term unemployment is now a **national problem**.

- Long-term unemployment is no longer restricted to those regions, such as the Northern Region and Northern Ireland, worst affected by mass unemployment.
- There are now pockets of long-term unemployment in towns and localities throughout the country.

Fourth, there is the problem that long-term unemployment is particularly severe among **the under-25s**.

- In January 1985, 219,000 young people under the age of 25 had been out of work for 6–12 months; 191,000 for 1–2 years; 87,000 for 2–3 years and 70,000 for over 3 years.⁵
- Many of these young people had left school with no qualifications. There had been no Youth Training Scheme to give them some basic skills training.
- In Britain's urban areas, many of these long-term unemployed young people are black. A survey in 1982 found that more than half of the black unemployed men had been out of work for more than a year, compared with about one-third of white unemployed men who were long-term unemployed. There were also exceptionally high rates of long-term unemployment among West Indian and Asian women in the 16–19 age group.⁶
- Young ex-offenders are also badly affected by long-term unemployment. Among those unemployed people joining Community Programme schemes administered by the National Association for the Care and Resettlement of Offenders in the second half of 1984, 34% had been out of work for 1–2 years and 29% for over 2 years.⁷

Fifth, there is the severity of long-term unemployment among **the over-45s**.

• In January 1985, 145,000 people aged 45 and over had been out of work for 1-2 years; 92,000 for 2-3 years and 173,000 for over 3 years.⁸

agree

• For many of them, age and long-term unemployment have been a double handicap. Rejected by employers as being too old, yet too young to want to retire, they have become increasingly trapped into long-term unemployment.

Sixth, there are the serious personal consequences of long-term unemployment, particularly for **personal health**.

- Problems of ill-health and mental stress are common among long-term unemployed people.⁹
- Registered cases of ill-health do not give a true picture of the depression and loss of confidence experienced by so many long-term unemployed people. Lack of motivation, listlessness and anxiety tend to be so common among the long-term unemployed that often they do not bother seeking advice or treatment from a doctor.

Seventh, there is the fact that long-term unemployment can be most severe among those who are already **disadvantaged**.

- In 1981, 18% of long-term unemployed men and 9% of long-term unemployed women were registered with the Department of Employment as disabled.¹⁰
- In addition, there are many thousands of unregistered, disabled long-term unemployed people. Some of them have the treble handicap of being disabled *and* over the age of 45 *and* out of work for more than two or three years.

Eighth, large numbers of long-term unemployed people live in **poverty**. There can be extreme poverty among those with large families.

- Long-term unemployed people are much poorer than those in work. In 1983 they could expect only 39% of the income they would have had if they had still been working.¹¹

- They are also poor in relation to other long-term claimants such as single parents and pensioners. Married men out of work for a year or more are now more than £600 a year worse off than other long-term claimants.¹²
- No wonder many voluntary organisations have urged that there should be a significant increase in the real value of benefits for the long-term unemployed.¹³

Ninth, there is the fact that most long-term unemployed people had **no say** over whether they became unemployed in the first place.

- The vast majority of long-term unemployed people lost their jobs through the massive 'shake-out' in British industry in recent years.
- They did *not* leave their jobs voluntarily. They did *not* generally expect to remain unemployed for more than a short period of time.
- Overwhelmingly, they are victims of economic circumstances over which they had no control.

Finally, even if a long-term unemployed person finds **employment**, it **might not last for long**.

- Most of the jobs taken up by long-term unemployed people are in service industries, and usually part-time. They are often on a short-term basis, and relatively unskilled.
- These unstable employment prospects can result in long-term unemployed people having a brief spell back in work, before returning to the dole queues. However, as far as the official statistics are concerned they are no longer long-term unemployed.

CRISIS

The crisis of long-term unemployment is now so severe that it surely ranks as one of the greatest crises facing Britain. But is this accepted by most politicians, by employers and those in a position to help?

Even when the scale of the problem is acknowledged, we are often told that there are no quick and simple solutions. That might be true. But it does not mean that policy-makers – or anyone else – can continue to evade their responsibilities to those who are long-term unemployed.

KEY POINTS

- **There are now more than 1.5 million long-term unemployed people in Britain.**
- ⊙ **Long-term unemployment is particularly severe among the under-25s and the over-45s, in those regions worst affected by mass unemployment.**
- **But long-term unemployment is now a serious social problem in all regions and among all age groups.**
- **As long-term unemployment has increased, poverty has become still more severe, especially among long-term unemployed people with large families.**
- **This has exacerbated the problems of mental stress and loss of motivation among the long-term unemployed.**

2 SPECIAL MEASURES FOR THE LONG-TERM UNEMPLOYED

What sorts of special measures are provided to help long-term unemployed people? Given the seriousness of their plight, it might seem reasonable to assume that most of them get some sort of help.

Yet this is not the case. In 1985 only one in every five long-term unemployed people will receive some sort of help from special employment measures, training schemes and education programmes.

For four out of every five there is nothing.

Should some sort of special measure be provided for everyone who is long-term unemployed? If so, what? And how might any new measures fit in with existing schemes?

To answer these questions, we need first to look at the types of opportunities currently on offer to long-term unemployed people unable to find paid work. They fall under seven headings:

- Community Programme
- Enterprise Allowance Scheme
- Voluntary Projects Programme
- Opportunities for Volunteering Scheme
- educational activities
- training opportunities
- local projects

COMMUNITY PROGRAMME

The Community Programme (CP) is the principal special measure available to long-term unemployed people. It provides temporary employment opportunities for long-term unemployed people for up to one year in 'projects of benefit to the community'.

In March 1985, the Chancellor announced that the Programme would be expanded by 100,000 places up to 230,000 places by June 1986. ¹ It will then be able to help 300,000 long-term unemployed people each year. ²

The Community Programme is open to 18–24 year olds who have been out of work for six months out of a nine-month period, and those aged 25 and over who have been unemployed for 12 months out of 15.

WAGE LIMIT

The Community Programme was launched in October 1982. It replaced the Community Enterprise Programme which provided full-time temporary employment opportunities for long-term unemployed people. Instead, it provided for a range of full-time and part-time opportunities to be developed subject to an average wage limit, set at £63 per week in 1985.

At that time, a large number of voluntary organisations involved with the Community Enterprise Programme were extremely unhappy about the new Programme. They were particularly concerned that the restriction on average wages would require them to match full-time places by part-time places in a way which might distort some of the opportunities provided for long-term unemployed people, and significantly reduce their flexibility as providers of schemes.

In the event, some voluntary bodies remain concerned that CP does not offer a balanced range of temporary employment opportunities, whilst others have adjusted to the new Programme and welcome the rapid expansion in the number of places compared with the old CEP. ³

MANUAL WORK

There has also been concern about the tendency of CP to concentrate on unskilled and semi-skilled manual work mainly taken up by unemployed men.

In 1984, a survey revealed that unemployed men on the Community Programme tended to be recruited to environmental and other manual work, whilst unemployed women were concentrated in clerical and services work.⁴

PARTICIPATION RATES

The survey showed that the number of women on the Programme fell from 29% in the autumn of 1983 to approximately 21% in the spring of 1984. Participation by ethnic minorities also fell, from 8% in 1983 to 4% in 1984: of whom 2% were West Indian or African and 1% were Asian.⁵

Only 3.1% of those entering the Programme in 1984 were registered disabled people, although Jobcentre figures suggest that 8.1% of all those placed on the programme between January 1984 and January 1985 had some disability.⁶

TRAINING

Voluntary organisations have also been concerned at the lack of a proper training element in the Community Programme. This was acknowledged by the Government in 1984 when it decided that up to 50,000 opportunities on the Programme each year would be linked with short courses of work preparation and basic skills training.

ELIGIBILITY

Shortly afterwards the Government also decided to restrict eligibility to those long-term unemployed people in receipt of benefits. This discriminated particularly against married women with working husbands.

ENTERPRISE ALLOWANCE SCHEME

The Enterprise Allowance Scheme helps unemployed people who want to start up in business but may be deterred by the fact that they would lose their entitlement to unemployment or supplementary benefit. People who have been unemployed for at least 13 weeks are eligible for a flat-rate taxable allowance of £40 a week for a maximum of 52 weeks (1984/85).

The Government regards the scheme as relatively successful in assisting unemployed people to set up their own businesses. At the end of 1984 approximately 50% of new businesses were still trading after 18 months.

It is expected that in 1985, 62,500 unemployed people will join the Enterprise Allowance Scheme, of whom approximately 20,000 will be long-term unemployed.⁷

VOLUNTARY PROJECTS PROGRAMME

The Voluntary Projects Programme offers to help unemployed people prepare for work. Projects operate through sponsors drawn largely from the voluntary sector. They include basic skills training, work-related adult education courses and community work.

Unemployed people continue to draw their benefit whilst taking part in the programme, and the MSC reimburses their expenses. In 1984 there were more than 300 projects in operation throughout the country. It is expected that in 1985 the Programme will provide opportunities for 55,000 unemployed people, of whom probably only a minority will be long-term unemployed.⁸

In March 1985 the Employment Secretary, Tom King, announced that he was asking the MSC to consider ways in which, through this Programme, further help could be provided for the long-term unemployed.⁹

OPPORTUNITIES FOR VOLUNTEERING SCHEME

The Opportunities for Volunteering Scheme is funded by the Department of Health and Social Security to create new opportunities or support existing opportunities for unemployed people to do voluntary work. Administered by a number of national agents, including a consortium of seven national voluntary organisations, the scheme allocated £5 million to over 550 projects in 1983/84.¹⁰

Of the 12,000 or so volunteers involved in the scheme, approximately 60% are unemployed. In practice, only a tiny proportion of long-term unemployed people are likely to have any contact with the Opportunities for Volunteering Scheme.

EDUCATIONAL ACTIVITIES

Local education authorities provide a range of educational activities for unemployed people, including the long-term unemployed. However, in recent years many local authorities have been forced to reduce their adult education provision as a result of Government spending restrictions.

REPLAN

In March 1984, the Department of Education and Science (DES) introduced its programme for the adult unemployed, REPLAN.¹¹ It includes three main elements:

- the development of a series of local projects by the Further Education Unit for making education courses more attractive to unemployed people
- the development of printed and audio-visual materials by the Open University for unemployed groups
- the establishment of a team of field officers, under the

National Institute for Adult and Continuing Education, to work with unemployed groups in improving educational opportunities.

Subsequently, the DES invited local education authorities to bid for education support grants, one of which was specifically directed to educational activities for the adult unemployed. Over 40 local authorities have now appointed co-ordinators and development officers for this work.

TRAINING OPPORTUNITIES

Some long-term unemployed people take up courses under the MSC's Training Opportunities Scheme, and others might stand to benefit from the development of the MSC's Adult Training Strategy. In both cases, the numbers involved are small.

LOCAL PROJECTS

In recent years, a range of local projects have been developed to provide activities for unemployed people. Some of them have been set up under the umbrella of national networks, such as the British Unemployed Resource Network, Church Action for the Unemployed, and the Trades Union Congress through its centres for the unemployed.¹²

Local projects often make use of the Community Programme to provide temporary employment opportunities for long-term unemployed people. In some cases they have created new jobs for the long-term unemployed with local authority grants and donations from local industry.

Local projects can make a vital contribution to the lives of those who participate in them. They offer innovative models for future development.¹³ But given

the scale of the problem of long-term unemployment today, they are a drop in the ocean.

GENERAL COMMENTS

LACK OF PROVISION

The main reason why so few long-term unemployed people participate in special measures is the lack of provision. The number of opportunities available to them is inadequate.

Lack of provision might be the major problem. But it is not the only one. Many long-term unemployed people, especially those who have been out of work for two or three years, lack motivation. If they are to participate in schemes, the schemes must positively attract them.

RELEVANCE

It is not good enough to expect that so long as the places are available, long-term unemployed people are bound to take them up. It is not that simple. They must find the schemes relevant. And instead of expecting long-term unemployed people to go to the schemes, organisations running schemes must be prepared to go to them, at a centre for the unemployed or in their own homes, to explain what the scheme can offer and why it might be worthwhile.

ACCESS

There is another crucial factor which stops long-term unemployed people taking part in schemes: lack of child-care facilities.

Hundreds of thousands of unemployed single-parent women – and men – are denied access to special measures because of the lack of child-care facilities.¹⁴ If adequate provision is ever to be made for the long-term unemployed, the Government must accept its

responsibilities to unemployed parents with young children.

And notwithstanding the practical difficulties involved, it must seek to find ways of gradually opening up schemes to the *unregistered long-term unemployed*.

KEY POINTS

- **The major special measure for the long-term unemployed is the Community Programme.**
- **Taken together, special employment measures, training schemes and education programmes in 1985 provide opportunities for no more than one in every five long-term unemployed people.**
- **By mid-1986 the Community Programme should have reached its new target of 230,000 filled places. Even then, nearly three out of every four long-term unemployed people will be denied access to special measures.**
- **For the vast majority of the long-term unemployed, there is no positive alternative to unemployment.**

3 LABOUR MARKET PROSPECTS

The fact that special measures today cover only one in every five long-term unemployed people might not be so serious if one could assume that the problem was only temporary. If it was thought likely that, with the right policies, unemployment itself might be abolished relatively quickly, then the lack of provision for four out of every five might be seen as a necessary price to pay for pumping all available resources into employment-creation.

But how short-term is the problem? Is it realistic to expect that unemployment could be abolished in a few years' time? And how many of the new jobs in the labour market will be filled by people who are long-term unemployed?

THE JOB GAP

In January 1988, the number of people out of work rose to a record 3,341,000, and the underlying trend still appeared to be upward. However, this tells only part of the story. In order to determine how many new jobs would need to be created to eliminate unemployment we would also need to include concealed unemployment – those who might like to work but are not registered as seeking a job. We would also have to take into account the number of people on special employment and training measures, and on short-time working.

On that basis, the number of jobs that would need to

be created in order to achieve full employment, and close the real job gap, is now more than four million.¹

Unfortunately even that does not tell the whole story. The labour force is expected to grow by nearly 500,000 between now and 1990.² So a further 500,000 jobs would have to be created, or some way would have to be found of reducing the workforce by 500,000 to prevent unemployment rising any further.

Either way, **this means that if the Government's economic policies remain unchanged, the real job gap by the end of the 1980s is likely to be at least 4.5 million.**

The size of the job gap is crucial to determining the job prospects of the long-term unemployed. Unless measures are taken to reduce it considerably, the prospects will continue to be bleak.

EMPLOYMENT-CREATION

In order to generate 4.5 million new jobs over the next 10 to 15 years, the British economy would need to sustain rates of growth that it has never achieved before.

This does not mean that it cannot be done. But the fact that it has never yet been achieved suggests that we cannot take it for granted that, with the right political will, the desired result is bound to follow.

Any government would need to contend with a range of forces which it might seek to influence but are not entirely within its control. The Labour Party has put forward one of the most ambitious programmes for creating employment, but it has identified a number of difficulties which would determine 'the speed with which we can achieve our objective'. These difficulties include inflation, planning trade – and particularly regulating imports – and controlling capital flows and finance.³

It is not the purpose of this document to consider the

wider macro-economic issues. However, in considering the framework within which new initiatives for the long-term unemployed might be developed, one must acknowledge the uncertainty of the economic environment and the forces which can thwart the will of elected governments.

One of the difficulties when considering specific proposals for employment-creation is that because of the scale of the unemployment crisis, no measure can cope adequately on its own. A range of measures could be implemented to help create jobs for the long-term unemployed:

- direct job creation
- job subsidies
- job withdrawal
- restructuring work

JOB CREATION

Any comprehensive programme to provide new employment opportunities for the long-term unemployed would almost certainly need to include an element of direct job creation. This was emphasised in the *Report of the House of Lords Select Committee on Unemployment* in 1982 which proposed a scheme of 'long-term low-cost jobs' in the National Health Service, the social services, other local government services, construction and civil engineering. It suggested that 'the most we could reasonably hope for is 300,000 jobs over two years, at a gross cost of £2.25 bn'.⁴

JOB SUBSIDIES

In recent years a wide range of proposals has been put forward for encouraging employers to create new jobs through offering them subsidies and other incentives. Job subsidies in one form or another now command a wide measure of support across the political spectrum, although there is little agreement about their impact and cost.

In 1982, the House of Lords Select Committee

proposed that through a scheme of job creation grants, 100,000 jobs might be created for the long-term unemployed in the voluntary sector at a gross cost of £650 million.⁵

More recently, the Association of Directors of Social Services has proposed that through a scheme of supplementary employment grants payable by central government to local and health authorities, jobs could be created for unemployed people up to a limit of 10% of the total workforce. The size of the grant would be set at a flat rate based on the average payment necessary to support a family with two or three children (around £70 per head) and the health or local authority would meet the additional employment costs.⁶

Another proposal which has been put forward in recent months would involve the abolition of employers' national insurance contributions for the first two years after a long-term unemployed person has been recruited.⁷ It is impossible to assess the impact on employment, but this could provide a relatively simple and effective way of promoting the recruitment of long-term unemployed people. It has been estimated that over two years the cost of this could build up to around £1 billion.⁸

JOB WITHDRAWAL SCHEMES

Early retirement schemes tend to feature most prominently among proposals for cutting unemployment through reducing the size of the labour force. Reducing the male pension age from 65 to 60, would take nearly 1.5 million men out of the workforce. However, the cost would be enormous: at least £2.5 billion gross, a figure that could be expected to grow.⁹

Cost is not the only argument against compulsory early retirement schemes. There are also important social arguments about the rights of the over-60s to take up employment if they so wish. The slogan 'Ageism is as

'bad as Racism or Sexism' has been raised by voluntary organisations in the United States, in Western Europe and in the UK, and it should not be dismissed lightly in a society where growing numbers of people can expect another 15 or 20 active years after retirement.

A voluntary early retirement scheme, on the other hand, should be sufficiently flexible to accommodate the particular needs of older workers. But the impact on jobs would not be so great. For example, in 1984 Sir Philip Goodhart MP proposed that 'the Government should seek to get 500,000 full-time and 100,000 part-time candidates for early retirement'.¹⁰

A voluntary early retirement scheme on this scale could make an important contribution to a wider strategy for employment-creation. In France, for example, early retirement schemes have proved effective in helping to release jobs for unemployed young people.

But even if these targets were met, they would release only one in every seven of the jobs that would need to be created to bridge the job gap.

RESTRUCTURING WORK

A range of other proposals has been developed in recent years for restructuring working patterns, in order to encourage more workers to spend longer periods of time out of the workforce – shorter working time, longer holidays, sabbaticals, etc. – and to promote the redistribution of employment opportunities through sharing work more widely: job-sharing, job splitting, etc.

Some advocate that the British Government should follow the lead of the Dutch Government and adopt a policy of a four-day week for four days' pay for young workers. It has been suggested that if this were linked to a drive to reduce 'regular' overtime, it might result in the creation of 100,000 jobs at no extra cost.¹¹

In view of the recent growth in part-time

employment, it has also been suggested that long-term unemployed people should be able to take up part-time jobs without losing so much of their benefit.

Supplementary benefit rules withdraw benefit from unemployed people pound for pound for any earnings over £4 a week (1984/85), and make it virtually impossible for them to take up part-time jobs. This is one of the reasons why the Government is considering allowing couples out of work for over two years to earn up to £15 per week without losing benefit.¹²

Others argue that cutbacks in working time, possibly on a co-ordinated basis throughout Europe, could help to create hundreds of thousands of new jobs. The TUC, for example, has proposed that as part of a five-year expansion plan there should be a 10% cut in working time.¹³

However, a major difficulty with proposals for restructuring working patterns is that there is wide disagreement within industry, as well as between the political parties, about their impact on jobs, productivity and competitiveness. Indeed, in recent years employers' organisations appear to have become more strongly opposed to work-sharing and shorter working time than before.¹⁴ They argue that employers would require subsidies to prevent unit costs from rising, unless workers were prepared to accept corresponding cuts in take-home pay.

GENERAL COMMENTS

UNCERTAINTIES

It is not the purpose of this document to draw up a 'shopping list' of measures that should be implemented by the Government as part of a major employment-creation programme. Even if it were, it is dubious how meaningful such an exercise would be.

All governments must work in an uncertain economic

environment. The international economy appears more uncertain and unstable than it has for many years. And at the national level there are uncertainties about the level of public resources that would need to be committed to an effective jobs programme.

COSTS

Judgements would need to be made about the overall costs of any approach before urging it strongly on the Government. The crucial issue is not the cost of each specific measure, but the total cost of any 'jobs package'.

Cuts in working time might have important implications for costs. Invariably, they are proposed as part of a wider package of measures. For example, in the TUC's 1983 five-year expansion plan a 10% cut in working time was proposed in addition to a £30 billion public investment programme over the period and the expansion of manpower, education and training programmes. **Even this ambitious plan would have left nearly one million people unemployed after five years.**¹⁵

REDISTRIBUTION

The difficulty with insisting on costings for any jobs package is that some measures cannot be costed precisely. This is particularly true of measures to restructure working patterns. Their impact on jobs and their cost to the Exchequer would depend on the extent to which they redistribute wealth away from higher income-earners and in favour of low income-earners and the unemployed.

MANDATE

A redistributive strategy should help to ease the burden on public expenditure because part of the costs would be borne by higher income-earners. There is always a danger, however, that a government might win a mandate for such a strategy and then fail to maintain the

consensus necessary to see it through. If that happened, the public expenditure burden might well be so great as to make it impossible for the government to create new jobs on the scale it had intended.

IMPLICATIONS FOR PUBLIC POLICIES

What are the implications for public policies and for voluntary organisations concerned with the interests of the unemployed?

This document does not encourage defeatism in the face of mass unemployment. Unemployment is not inevitable. Abolition of unemployment should remain the goal. But all evidence suggests that no formula or package can provide the number of jobs needed.

Also, the provision of more jobs is not bound to reduce the numbers of the long-term unemployed. Such measures help them least, and last – see chapter 4.

For this reason, special provision must be made for the long-term unemployed when they are in competition for jobs against people who have not long been out of work. The issue is not jobs or special measures. For the long-term unemployed, it is both.

NO PAINLESS SOLUTION

Four million new jobs *might* be created by a government single-mindedly committed to restoring full employment and able to galvanise the resources and energies of the whole nation behind it. But that would truly be a remarkable achievement. For there can now be no 'painless' solution to unemployment.

INCOME-SHARING

Many of us currently in jobs would probably have to give up more than a few working hours each week to help create new job opportunities for the unemployed. One way or another, millions of workers could well have to give up some of their income. Income-sharing would have to go hand-in-hand with work-sharing.

BATTLE FOR JOBS

And the battle for jobs would have to be sustained over many years. The major political parties now appear to accept this, even though they are far from agreed on the route back to full employment.

The same is largely true of major employers' organisations and trade unions. The trade union movement is resistant to the idea of 'giving up' on full employment. But it is not arguing that full employment or anything approaching it could be restored within the next few years.

Many employers suggest that yet more jobs will be lost in the wealth-creating sectors of British industry.¹⁶ There are few employers indeed who see their own company as a source of new jobs for years to come, if at all.

It is not beyond the ability of our society to restore full employment. However, full employment in future years would be bound to require fundamental changes in patterns of working and the nature of work. And one must acknowledge the time span within which this could be achieved. **It no longer seems reasonable to assume that full employment could be achieved within the next 10 to 15 years.**

One's assumptions about the next 10 to 15 years are vital to determining the demands we place on policy-makers. If it is assumed that significant levels of unemployment are likely to remain throughout that time, there are profound implications for public policies towards the long-term unemployed.

KEY POINTS

- If the Government's policies remain unchanged, the real job gap by the end of the 1980s is likely to be at least 4.5 million.
- There does not appear to be any particular package of measures capable of bridging the job gap.
- For the remainder of this century, full employment no longer seems to be an attainable goal.

4 POLICY OBJECTIVES

Current provision for the long-term unemployed caters for only one in every five of the group. Moreover, the long-term unemployed will be with us in very large numbers at least until the turn of the century. Against this background, what should be the objectives of public policies towards long-term unemployed people? Can it make sense to prepare people for employment which doesn't exist?

CURRENT OBJECTIVES

It was in the late 1970s that long-term unemployment was first taken up by policy-makers as a significant problem in its own right. Since that time, there has been little change in the way it has been approached by successive governments.

An **MSC Manpower Paper** on long-term unemployment in 1982 suggested that the main objective of provision should be to improve the employability of long-term unemployed people, 'so as to give them a better chance of securing what opportunities there are in the labour market'.¹ It recognised that it would be difficult to reduce long-term unemployment markedly without a fall in total unemployment.² However, it did believe that some of the disadvantages associated with long-term unemployment – and particularly the **concern among employers that long-term unemployed people had lost the habit of working** – could be overcome by special measures.

The MSC also argued that 'any approaches must recognise the need to "ration" the available help'. The idea of some form of 'opportunity guarantee' for all long-term unemployed people was dismissed as 'not a practical proposition'.³

Since then, the idea of 'rationing' help among the long-term unemployed has been generally accepted by employers and most trade unions and voluntary bodies. Indeed, among its arguments against an opportunity guarantee, the MSC cited 'severe misgivings among employers and trade unions' as well as the problems of 'cost, effectiveness, displacement and deadweight'.⁴

Concerns have been expressed by voluntary bodies, trade unions and others about various aspects of particular schemes, and especially about the limited scale of provision. Nevertheless, since the early 1980s the aim of provision has been to ration help among the long-term unemployed in such a way as to maximise the chances of those receiving help finding work. How successful has this approach been?

MSC SURVEY

A survey published by the MSC at the end of 1984 revealed that 65% of those leaving the Community Programme failed to find work straight away, and as many as 80% were unemployed at some time within a few months after leaving the programme.⁵ This confirms the insecure nature of the employment taken by many long-term unemployed people and already referred to in chapter 1. But it points also to the failure of the Community Programme to meet the Government's objective of assisting long-term unemployed people to return to work. Judged by the Government's own criteria, the Community Programme is a success for only a minority of its participants.

The MSC survey suggested that 5% of those leaving CP were either in full-time education, back on the Programme or on another MSC scheme such as the Training Opportunities Scheme.⁶ Taking this into account, the survey suggested that **as many as 120,000 of the 200,000 long-term unemployed people passing through CP each year go straight from the Programme back on to the dole queues.**

The Government and the MSC tend to emphasise that Community Programme participants are two to three times more successful in getting a job than other long-term unemployed people.⁷ But this is a comment on the dismal numbers of long-term unemployed people getting jobs – not on the success of the Community Programme.

A UNIVERSAL SCHEME

Would the objective of assisting the long-term unemployed back into employment be any more successful if the Community Programme were enlarged still further?

Imagine that every long-term unemployed person were able to participate in some form of new-style Community Programme. How many could expect to get jobs at the end of it?

The answer depends mainly on the total number of vacancies in the labour market. In March 1985, 140,000 vacancies were registered with Jobcentres.⁸ This means that the total number of vacancies might be up to 420,000.

If every vacancy were filled by a long-term unemployed person, nearly three out of every four long-term unemployed people would be left without a job. **In other words, if places on the Community Programme were made available to all long-term unemployed people today, more than a million of**

them would probably be unemployed again in a year's time.

FUTURE OBJECTIVES

Assume that Government policies towards the long-term unemployed remain largely unchanged. This would mean no special provision for the majority of the group. Special measures would offer temporary relief from unemployment for some. For less than 10% of the group there would be the prospect of special measures providing a bridge by which they could return to work.

If this is deemed to be inadequate (and it surely is), then how can one determine what sort of provision might be *more* relevant to the needs of long-term unemployed people? Unless there are significant changes in public policies, the labour market seems unlikely to generate new jobs for more than a small proportion of long-term unemployed people over the next few years. So what should be the objectives of provision for the vast majority of the group who might aspire to find work, but on present reckoning are bound to be denied it?

This raises the question of what other purposes special measures might meet in the absence of new Government policies to create jobs for the long-term unemployed. ~~It is to the long-term unemployed~~ themselves that one should look for any answers.

Agree

OPTING OUT

The vast majority of long-term unemployed people want a job. Most of their problems – lack of money, lack of confidence, mental stress and so on – are attributed by them to not having a job. But many have come to terms with their situation as long-term unemployed

people in a way that is often not recognised in public debate.

In 1980 a survey by the Department of Employment suggested that one-quarter of the long-term unemployed had 'opted out' of looking for work at the time of the survey, and had not sought work during the previous year.⁹ A major study of long-term unemployment published in 1983 suggested that by 1981 one-third of the long-term unemployed had effectively stopped looking for work.¹⁰

NO JOBS

The simple fact is that among those who have stopped looking for work the reason is, overwhelmingly, that they no longer believe the jobs are there.

This does not mean that they are satisfied with their situation, or do not want work. Far from it. If the jobs were there, their attitude would be different. **They have, however, recognised that for some years at least employment will no longer be available to them, and other alternatives will have to be found.**

IMPLICATIONS

This raises important moral and social questions which need to be confronted before we can establish what the objectives of provision should be. Is it a good thing to help long-term unemployed people cope better with life without a job?

Some will fear that this implies an acceptance of unemployment as a fact of life, and a weakening of our will to oppose unemployment as an unacceptable evil. Others will argue that it is the only realistic way of restoring dignity and self-respect to unemployed people who have been excluded from the labour

market through no fault of their own. They will point to the severe depression and demoralisation that are bound to result when people apply for literally hundreds of jobs and are turned down time and again, even when the jobs are low-paid and require no particular skills and experience.

DILEMMA

How should this dilemma be resolved? As far as possible, by the long-term unemployed themselves.

If, for one individual, coming to terms with long-term unemployment means redoubling his/her efforts to find work, then support and encouragement should be offered. This would possibly mean a place on a temporary employment programme, with an element of training, and some hard-headed advice about the difficulties and obstacles that can so easily block the transition from the Community Programme back to employment.

If, however, coming to terms with long-term unemployment means for somebody else recognising economic circumstances for what they are, and making the best of life without work, then that person should still be entitled to support and assistance. This might entail a range of education and temporary employment opportunities. But these opportunities would be geared primarily to personal and social needs rather than the apparent preferences and training needs of employers.

ENTITLEMENT

This approach implies two different forms of entitlement which might be exercised by long-term unemployed people. In the two cases above, both individuals share the same starting point, having both been denied access to employment for reasons concerned primarily with economic forces beyond their control. So there is the same moral imperative for society to respond to both of their situations. But from then on society would recognise their entitlement to choose either a route

which might take them back to employment, or one which would lead elsewhere.

UNDERTAKING

Society would not limit itself to rationing help among those who still hope to find some way back into employment. Instead, it would make an undertaking to assist every individual out of work for more than a year to develop a life which is socially useful and personally fulfilling.

RIGHTS

This suggests that by some means society now needs to find a way of divorcing the notion of social failure from failure to find work. This will only be achieved when we recognise the rights of those unemployed people who have 'opted out', just as we recognise the rights of those who still seek to 'opt in'.

HOPELESSLY INADEQUATE

If economic circumstances were different, and individuals had a relatively free choice over whether or not to work, then our conclusion might be different. In these circumstances a selective, work-related programme would be morally and socially acceptable. However, **in a society that can no longer guarantee full employment, a work-related programme on its own is hopelessly inadequate as a response to long-term unemployment.**

The next chapter will consider some of the policy implications of an approach that would seek to provide for *all* long-term unemployed people, including those who have decided not to seek employment. This would imply a lessening of the bonds between income and employment. It would also require a reassessment of the needs of long-term unemployed people denied access to the labour market through no fault of their own.

THE RIGHT TO CONTRIBUTE

The objective should be to give all long-term unemployed people the opportunity to participate in some form of activity that is of value to their local community or of personal interest. Such activities should both assist those who seek to return to work and also attract those who do not expect to find work. **As far as possible, they should affirm the rights of long-term unemployed people to contribute in a society where they have been barred from contributing through traditional employment opportunities.**

KEY POINTS

- Three out of every five people leaving the Community Programme become unemployed again straight away.
- A work-related programme on its own is hopelessly inadequate as a response to long-term unemployment.
- All long-term unemployed people should be encouraged to participate in some sort of activity that is of value to their local community or of personal interest.
- Long-term unemployed people should have the right to contribute in a society where they have been barred from contributing through traditional employment opportunities.

5 PROPOSALS FOR CHANGE

The battle for jobs is paramount. But what else needs to be done to provide worthwhile opportunities for long-term unemployed people where the jobs do not yet exist?

Realistically, how might special measures be brought into line with changing needs? What options are now open to the Government?

CURRENT PROPOSALS

A number of proposals have been put forward in recent years for expanding provision for the long-term unemployed.

EXPAND THE COMMUNITY PROGRAMME

The main emphasis has been on expanding the Community Programme. The MSC itself argued in its 1985 Corporate Plan that there was a strong case for a 'big expansion' of the Community Programme. It urged this mainly on the grounds that the Community Programme 'significantly improves participants' ability to obtain work'.¹ And when the Chancellor announced an increase in the Community Programme in the March 1985 Budget, he emphasised that it had 'proved its worth, with a significant proportion of those who leave it going on to other jobs'.²

In January 1985, Sir Richard O'Brien, former Chairman of the Manpower Services Commission, and Professor Richard Layard of the London School of

Economics, had proposed in a joint article in *The Times* that the Community Programme should be expanded to about half a million places.³

Layard subsequently went further than this and proposed just before the Budget that 'there should be a job guarantee to the long-term unemployed'.⁴ He suggested that '750,000 jobs could cost only about £1.5 billion', after allowing for the savings on supplementary benefit. This would mean that the net public cost for each job created on the Community Programme would be £2,000.

A JOB GUARANTEE

750,000 places on the Community Programme would constitute a job guarantee for one in every two of the long-term unemployed.

What would be the purpose of this new-style Community Programme? Would it be to place more long-term unemployed people in jobs? Because if so, it would need to be linked to other measures as well.

Or would it be to act more as a Public Works Programme for the long-term unemployed, concerned with meeting unmet social needs (and helping the long-term unemployed at the same time) rather than with placing people in jobs?

And if the aim was a new Public Works Programme, might it not be better if this was developed in its own right (and through permanent new jobs) rather than through the Community Programme?

These questions need to be answered before the proposals for guaranteed places on the Community Programme can be considered properly.

A TEMPORARY GUARANTEE

Unless there was a massive increase in the number of job vacancies, an enlarged Community Programme could only provide a temporary guarantee.

Most of those taking part would seem destined to be back on the dole queues within 12 months.

'DOLE PLUS' SCHEMES

In recent months the economist Sam Brittan has also advocated an expansion of opportunities for the long-term unemployed. Brittan has suggested the idea of a 'dole plus' scheme, possibly in addition to the Community Programme. Brittan claims that if 'dole plus' represented benefit plus another 10%, and 500,000 long-term unemployed people took up new opportunities under the scheme, the net Exchequer cost would be £500 m.⁵

However, Brittan's proposals are unlikely to find favour with the trade union movement. He sees the dole-plus scheme as 'a wedge' that the Government could 'insert into the rigid wage structure', and thereby challenge 'the union-dominated, rate-for-the-job culture of the labour market'.⁶

VIEWS OF VOLUNTARY BODIES

National and local voluntary bodies reflect a wide range of views about the options which should be taken up by the Government. Proposals for change tend to come under the following headings:

- **expand the economy**; that would be the only real way of getting the long-term unemployed into real jobs
- **take positive action**; and **end the discrimination that many employers practise against long-term unemployed people**
- **guarantee employment or an opportunity for all**; and give every long-term unemployed person the right to a job or an opportunity of their own choosing.

Some voluntary organisations question the way society places so little value on education and training activities, compared with temporary employment. Why, they ask, should self-development be worth nothing whilst unskilled work on the Community Programme is priced at £63 a week? Others emphasise the need to protect the 'rate for the job', but call for more

imagination and greater commitment from the Government to developing other activities as well.

POLICY OPTIONS

These views will be considered in the form of four policy options, that are now open to the Government. They are not mutually exclusive, but each can be put forward as a coherent approach in its own right:

- economic expansion
- positive action
- an integrated universal programme
- a two-tier universal programme

ECONOMIC EXPANSION

EMPLOYMENT-CREATION

The approach favoured by many voluntary organisations would concentrate on economic expansion, in order to create new employment opportunities throughout the economy. Employment-creation would become the overriding priority of the Government's economic and social policies.

It could therefore be expected that greater numbers of long-term unemployed people on the Community Programme would succeed in finding employment. The Programme would be expanded progressively as the number of vacancies in the economy increased, and a greater emphasis would be given to training and work preparation.

SUBSIDIES

In order to ensure that a fair share of the new jobs went to long-term unemployed people, there would need to be some sort of positive action for those leaving the enlarged Community Programme. This could take the

form of subsidies to employers, possibly along the lines of the supplementary employment grants proposed by the Association of Directors of Social Services (and discussed in chapter 3), or possibly through waiving employers' national insurance contributions for the first one or two years. In addition, there would need to be an element of direct job creation, on lines similar to that proposed by the House of Lords Select Committee on Unemployment in 1982 (also discussed in chapter 3), and earnings rules would need to be relaxed considerably to help make part-time employment more accessible to long-term unemployed people.

EDUCATION AND TRAINING

A series of other steps could be taken to bring long-term unemployed people into some form of regular activity, as a prelude to finding employment. In particular, much greater encouragement could be given to long-term unemployed people to register on further and adult education courses and local training schemes. For example, the Government could assist unemployed people with their transport costs for attending education and training centres, and waive their course fees.

DISADVANTAGED GROUPS

The Government should also pay greater attention to disadvantaged groups among the long-term unemployed, such as disabled people and the ethnic minorities. They would need access to specially designed opportunities to enable them to compete on better terms with other unemployed people.

PUBLIC RESOURCES

The dangers associated with this strategy have already been referred to in chapter 3. Would there be the public resources and the political will necessary to implement it?

ECONOMIC EXPANSION

- **Aim: to create new jobs throughout the economy**
- **Community Programme expanded progressively in line with the increasing number of vacancies**
- **Community Programme more successful in placing long-term unemployed people in jobs**
- **Expansion of education and training opportunities for the long-term unemployed**
- **Relaxation of earnings rules, to make part-time jobs more attractive to registered unemployed people**

POSITIVE ACTION

ACCESS

This approach would seek to make the labour market more accessible to long-term unemployed people. Subsidies and other incentives would be offered to employers to encourage them to recruit the long-term unemployed in preference to other unemployed people. But they would not necessarily lead to any overall increase in employment levels, unless they were allied to a wider strategy for economic expansion.

A programme of positive action for the long-term unemployed might be taken up by a government broadly committed to the principles of a free market economy, but nevertheless keen to tackle the discrimination often experienced by long-term unemployed people when applying for jobs.

JOB CLUBS

Practical examples of positive action for the long-term unemployed are the experimental 'job clubs' launched by some Jobcentres in early 1985. Job clubs advise long-term unemployed people on how best to apply for jobs, and supply them with the tools – good stationery, stamps, newspapers and a telephone – they often

cannot afford themselves. Usually unemployed people attend the clubs for four mornings a week.

It is expected that by the end of 1985 up to 30 job clubs might be in operation.⁷

DISPLACEMENT

A positive action programme could be allied to a further expansion of the Community Programme and other special measures and education opportunities for the group. However, the key feature of this option would be its commitment to positive action as the major means to increase the numbers of long-term unemployed people placed in real jobs. In practice, this would often mean long-term unemployed people displacing short-term unemployed people who are currently being appointed to jobs in preference to them.

In the absence of other measures to regenerate the economy, unemployment might still continue to increase. And partly as a result of the positive action programme, greater numbers of short-term unemployed people would be remaining on the register to become long-term unemployed. So the numbers of people making the transition from short-term to long-term unemployment might well be *greater* than the numbers making the transition from long-term unemployment back into paid work.

NO REDUCTION IN UNEMPLOYMENT

Positive action might, therefore, help to distribute the burden of long-term unemployment more widely. **But it would do little, if anything, to reduce the numbers of long-term unemployed people below today's level of 1.5 million.**

POSITIVE ACTION

- **Aim: to make the labour market more accessible to long-term unemployed people**
- **Subsidies and other incentives offered to employers**
- **On its own, positive action might increase the numbers of long-term unemployed people getting jobs**
- **But they would be displacing short-term unemployed people**
- **Unemployment might continue to increase, even though positive action would tend to distribute long-term unemployment more widely**

AN INTEGRATED UNIVERSAL PROGRAMME

A GUARANTEED OPPORTUNITY

A universal programme would aim to guarantee some sort of opportunity for every long-term unemployed person. The nature of the 'opportunity guarantee' could vary considerably according to the types of schemes developed.

A universal approach would *not* mean uniformity of provision. It would be quite possible to target particular schemes to different groups. There could possibly be a distinctive range of opportunities for 18-24 year olds,

X special schemes for the over-50s, for ethnic minorities and so on.

The essence of this approach is that it should be comprehensive in its coverage.

NO SOLUTION TO UNEMPLOYMENT

On its own, a new universal programme for the long-term unemployed would *not* provide a solution to

long-term unemployment. Long-term unemployed people taking part in the programme should still be registered as unemployed. They would still be claimants. And they would still be denied what many voluntary bodies believe should be theirs as a right: paid employment.

PHILOSOPHY

The philosophy behind a universal approach would be radically different from that behind selective schemes.

Selective schemes are geared to the needs of long-term unemployed people seeking to return to employment. They provide little or nothing for the majority who remain outside paid work. A universal approach would recognise certain rights common to all long-term unemployed people. It would assist people to return to paid work. But if they could not find employment they would be entitled to participate in some sort of planned activity outside the formal labour market.

INDIVIDUAL CHOICE

An integrated universal programme would encourage long-term unemployed people to join a scheme most suitable to their personal needs. It would not steer unemployed people towards one particular type of scheme by making that one more attractive financially than others.

It would be up to individuals to choose between a range of education/training/temporary employment/work experience/community service and other schemes according to their own particular preferences.

DESIGNATED BODIES

In practice, the Government might designate a wide variety of bodies as suitable providers of the opportunity guarantee. On attendance at that establishment, be it a work experience placement, a college, a community centre or a training forum, the long-term unemployed person would be entitled to a

weekly *credit* to top up his/her supplementary benefit. If for any reason the individual stopped attending that establishment without transferring to another designated provider, the credit would be forfeited.

The logic of this approach is that all long-term unemployed people taking part in the integrated programme would be paid a credit at a flat rate, irrespective of the particular scheme they joined.

WHY A CREDIT?

Some might ask: why pay a credit? Why not just increase the number of opportunities for volunteering? That would be a much cheaper option for the Government.

For many voluntary organisations, the main justification for a credit would be the sheer *poverty* that is endured today by hundreds of thousands of long-term unemployed people and their families. *Anything* that increases their weekly income is to be welcomed.

BENEFITS

But to an extent the poverty experienced by long-term unemployed people could be alleviated by increasing their benefits. If benefits were high enough to guarantee an adequate weekly income, it might not be necessary to top them up with a credit.

So would the credit really be intended as a way round an inadequate benefits system? The answer is no. It would respond not only to the poverty of long-term unemployed people, but also to another important characteristic of long-term unemployment: loss of motivation.

LOSS OF MOTIVATION

If there was no financial incentive to participate in a local scheme, many long-term unemployed people would not bother. The reason is to do with the nature of long-term unemployment. It traps many people outside regular social activities. It saps personal motivation.

This is not a comment on the individual. It is a fact of life about the nature of long-term unemployment.

QUALITY

Nevertheless, there are still bound to be those who argue against a credit on the grounds that it would be unnecessary or possibly an unjustified use of resources. They might contend that the crucial issues would be the *quality* of the schemes available, and that high-quality schemes would capture the interests of long-term unemployed people either because they would meet an important social need or satisfy a personal interest.

INCENTIVES

The issue of quality is vital, but in a sense it misses the most important point. Consider the position of somebody who has been out of work for two or three years, and possibly given up applying for jobs since letters are rarely answered and interviews never offered. How do you involve that person in a scheme in the first place? What sort of incentive or encouragement would need to be provided?

These questions must be faced. They have not been confronted by most of the proposals put forward so far. They need not be, if the intention is a selective scheme. But they can not be avoided if the aim is to involve the whole group.

An attractive credit would be essential to developing a programme for all long-term unemployed people.

ADVANTAGES

For the individual, an integrated universal programme could bring some important advantages.

Flexibility

It could be extremely flexible, permitting transfer between various providers with the minimum of fuss.

A right

It would be recognised as a right, an entitlement of everybody who has been out of work for a given period of time.

And it should be understood as the result of economic circumstances that have disadvantaged more than 1.5 million people generally through no fault of their own.

OBJECTIONS

But there would also be some important objections to an integrated programme.

Abuse by employers

It would break the link between the rate of pay on temporary employment schemes and the 'going rate' in the labour market. It would therefore lay itself open to abuse by employers who might seek to recruit long-term unemployed people on the 'opportunity guarantee' rather than recruiting them on the open market.

Resistance from unions

Further, it is almost inconceivable that the credit would make up the difference between supplementary benefit rates and the 'going rate' on the Community Programme. So the cut in CP rates and the potential exploitation by employers would lead to bitter resistance from trade unions.

Compulsion

Some might fear that the Government could seek to make a universal programme compulsory, as has been threatened with the new two-year Youth Training Scheme.

At the very least, the principle of voluntary participation by long-term unemployed people would need to be firmly established. If there was any risk of long-term unemployed people having to work for their

benefit, the programme would be doomed from the start.

'Anti-work'

A universal programme of this sort might be regarded by the public as 'anti-work'. There would doubtless be concern in some parts of the popular press in particular that it was making it too easy for unemployed people to remain on benefit – an enhanced benefit at that. Rather than promoting greater awareness of the needs of the long-term unemployed, an integrated universal programme might increase the growing polarisation between the employed and unemployed.

It is tempting to argue that too many concessions have been made in the past to the 'work ethic', and it is just too bad if focusing on the rights of the long-term unemployed leaves one open to the charge of being 'anti-work'. However, there is a crucial aspect to this argument that cannot be ignored.

The tax base

If a long-term unemployed person finds employment, that person once again becomes part of the tax base (or possibly joins it for the first time). **The smaller the numbers of long-term unemployed people returning to employment, the smaller the tax base. And the smaller the tax base, the fewer the resources available to the Government to meet its public spending plans, including support for the unemployed.**

Would it therefore be best to pay *more* to those seeking to return to employment and earn taxable income, than to those who for whatever reason expect to remain outside employment and therefore outside the tax base?

If so, this would point towards a two-tier universal programme.

AN INTEGRATED UNIVERSAL PROGRAMME

- **Aim: to guarantee some sort of opportunity for every long-term unemployed person**
- **Individuals encouraged to choose schemes that suit their personal needs**
- **Programme comprises temporary employment and training schemes, educational activities, voluntary projects and opportunities for personal development**
- **All participants paid a credit at a flat rate, to top up their benefit**
- **Programme is extremely flexible; participants can move between designated providers as they wish**

A TWO-TIER UNIVERSAL PROGRAMME

A two-tier universal programme would seek to make it possible for all long-term unemployed people to participate in some form of structured activity, whilst building in a positive incentive for those who seek to return to employment. It would consist of the Community Programme, as one tier, alongside a new Personal Development Programme for the long-term unemployed.

COMMUNITY PROGRAMME

The Community Programme would continue to be geared to placing as many long-term unemployed people as possible in jobs. Its size would be determined primarily by the number of vacancies in the labour market, and it would pay the rate for the job.

If the number of vacancies in the labour market were

to expand, the Community Programme could be expanded accordingly.

PERSONAL DEVELOPMENT PROGRAMME

Alongside the Community Programme, a new Personal Development Programme should be created for long-term unemployed people. This tier of provision would seek to draw on all the advantages of the integrated universal programme, without undermining the rate for the job on the Community Programme.

The aim should be to create a range of opportunities unequalled in their diversity and flexibility.

There should, in principle, be no limit to the amount of time long-term unemployed people could spend on the Personal Development Programme. **As far as possible, long-term unemployed people themselves should decide which particular opportunity or range of opportunities they wish to follow.**

APPROVAL OF SCHEMES

If such an approach were to succeed, it would need the support of education and training bodies, employers, trade unions and local voluntary and community bodies. Clear procedures would need to be developed for approving schemes, determining minimum standards and protecting trade union interests.

As in the integrated universal programme, long-term unemployed people on the Personal Development Programme would be paid a credit to top up their supplementary benefit on attendance at a designated centre. However, the benefit and credit combined would be *lower* than the rate for the job paid to those on the Community Programme.

This means that temporary employment opportunities would have to be excluded from the Personal Development Programme, except on a very limited basis of possibly one or two days each week. Otherwise, there would be a danger of undermining the trade union principle of paying the rate for the job.

ONE MILLION NEW OPPORTUNITIES

Taking into account concealed long-term unemployment (discussed in chapter 1), the Personal Development Programme should aim to create **more than one million new opportunities for the long-term unemployed – a new YTS for the long-term unemployed, but more than twice the scale of the Youth Training Scheme.**

EXPERIENCE

The Personal Development Programme would draw on the experiences of the Voluntary Projects Programme and the Opportunities for Volunteering Scheme, as well as including education and training and a wide range of local community activities. From the outset, the aim would be to involve the widest possible number of education and training institutions, social services departments and local community and voluntary bodies in providing opportunities for long-term unemployed people.

Some long-term unemployed people might join one particular scheme, such as assisting in a community advice centre or attending a training skills workshop. Others might share their time between different opportunities, combining, say, a part-time adult education course with involvement in a home-visiting service for the very elderly. Or they might, for example, attend a 'job club' four mornings a week, and follow a training course in the afternoons.

A NATIONAL CERTIFICATE

The education and training services would need to consider whether any form of *certification* might be linked to the Personal Development Programme, possibly along the lines of the National Certificate currently being developed by the Scottish Vocational Education Council.⁸ This could provide a flexible framework within which long-term unemployed people could be encouraged to join educational activities, both formal and informal, organised around units or modules of study.

These might be offered by different providers, over a

one or two-year period, at the end of which they could be recorded in a single national certificate that should be recognised by employers.

Consideration would also need to be given to how long-term unemployed people might progress from the Personal Development Programme to other schemes. The development of a national certificate could, for example, be linked to encouraging greater numbers of long-term unemployed people to join the Enterprise Allowance Scheme (described in chapter 2), and to seek employment in the growing self-employment and small business sectors.

A two-tier programme would have advantages over an integrated programme. But there would also be problems.

ADVANTAGES

Work incentives

A two-tier programme should maintain work incentives, by paying more to those seeking to re-enter the labour market through the Community Programme.

A positive alternative

At the same time, long-term unemployed people participating in the Personal Development Programme would have a positive alternative to unemployment, shaped as far as possible according to their own particular interests.

Better off

They would be better off than they are now, due to the payment of the additional credit.

Difficult to opt out

And it would be difficult to opt out. There would be no risk of being rejected as 'unsuitable'. Attend a designated centre, and become entitled to your credit.

PROBLEMS

Scale

Considerable problems would need to be overcome in developing suitable opportunities on a sufficient scale, and within an overall framework responsive to individual needs.

Second-class

There would be a danger of the Personal Development Programme being regarded as the second-class programme, because it would pay less than CP. How great a danger that was would depend on the level of the credit and the range and quality of the opportunities available.

Poverty trap

There would also be a danger of increasing the poverty trap for long-term unemployed people leaving the Personal Development Programme to take up a job. Earnings rules would need to be much more flexible if this was to be avoided.

Resources

The resource implications of a universal programme are daunting, not least in the current political climate. It would need to be introduced in stages, as part of a rolling programme. Even then, the costs would be considerable.

A ROLLING PROGRAMME

A two-tier universal programme would need to be introduced over a number of years, with a clear target at each stage for the new guarantee of a place on the Personal Development Programme.

Let us assume that the Personal Development Programme was introduced over four years, with a target of 250,000 filled places by the end of year 1,

500,000 filled places by the end of year 2, 750,000 places by the end of year 3 and 1 million by the end of year 4. If the credit was fixed at £15 per week, the additional cost of the credit (if it was paid over 50 weeks of a year) would be £187.5m in year 1, £375m in year 2, £562.5m in year 3 and £750m in year 4.

It is extremely difficult to make any estimate of the likely cost of overheads for a new Personal Development Programme. The MSC meets approved staffing, premises, capital and other costs up to a maximum of £75,000 for any single project in the Voluntary Projects Programme.⁹ And on average there are 38 unemployed volunteers in each project.

Some projects receive grants up to the maximum, although a large number require only small grants. It is, however, impossible to calculate an average per capita cost for the participants in VPP. Not only do projects differ enormously, but within projects some unemployed people might attend for only half an hour a day, whilst others attend for five days a week.

Further work is required by the MSC to assess the average overhead costs of the VPP before any meaningful estimate can be made of the cost of a new Personal Development Programme.

PLACEMENTS

The two-tier approach assumes that the Community Programme would be more successful in placing long-term unemployed people in jobs than the Personal Development Programme.

This might be assumed at this stage. But it cannot be taken for granted.

It might be that a high-quality Personal Development Programme found considerable favour with employers, and that some employers regarded it as a better preparation for work than the Community Programme.

If this increased the pressure on the MSC to develop an improved training element in the Community

Programme, and to concentrate more on the needs of the individual, it could only be a good thing.

A TWO-TIER UNIVERSAL PROGRAMME

COMMUNITY PROGRAMME TEMPORARY EMPLOYMENT AND TRAINING PROGRAMME

- **Aim: to place long-term unemployed people in employment**
- **Temporary employment and training opportunities provided for up to one year**
- **Pay: the rate for the job**
- **Size of programme determined by number of vacancies in labour market**
- **Probably no greater in size than at present, unless the economy were to expand more rapidly**

PERSONAL DEVELOPMENT PROGRAMME GUARANTEED OPPORTUNITIES FOR THE LONG-TERM UNEMPLOYED

- **Aim: to create more than one million new opportunities for personal development**
- **Open to all long-term unemployed people not participating in the Community Programme. No limit to the length of time they can remain on schemes**
- **Participants paid a credit to top up their supplementary benefit**
- **Public and voluntary bodies co-operate in guaranteeing to provide an opportunity for every long-term unemployed person who wants one. Local procedures required for approval of schemes**
- **Programme draws on the experiences of the Voluntary Projects Programme and the Opportunities for Volunteering Scheme**

THE NEED FOR A CONCERTED APPROACH

These options each have their strengths and weaknesses. An agreed approach might well draw on elements from all four.

ECONOMIC EXPANSION

The first option, for economic expansion and the large-scale creation of new jobs, would be regarded by many within the voluntary sector as the ideal. However, on its own it does not represent a strategy for the long-term unemployed. It is only one part of it.

POSITIVE ACTION

The second option, for a positive action programme, would confront the severe discrimination long-term unemployed people often face when applying for jobs. But it would do little, if anything, to help reduce overall unemployment levels.

Nevertheless, as part of a wider strategy for dealing with long-term unemployment, positive action should have an important part to play.

INTEGRATED PROGRAMME

The third option, for an integrated universal programme, has attractions. The idea of a long-term unemployed person choosing a scheme because of his/her own definition of need, and not because of how other people define and value needs, has some appeal. But a scheme which treated temporary employment on the same basis as education would create appalling distortions within the labour market and would lay itself wide open to abuse.

Any attractions that it might have would be quickly forgotten as it became caught in the squeeze between union vetoes and employer exploitation.

TWO-TIER PROGRAMME

That leads us to the fourth option, the two-tier universal programme. Because of the way it is structured it would not disturb the existing relationship between temporary employment schemes and the primary labour market. That would be crucial to winning trade union support.

Also, the differential in income between the two tiers could be vital in convincing the general public that every possible encouragement was being given to long-term unemployed people to start paying taxes again.

TO SUM UP

The moral and social arguments for a universal approach seem very powerful. But the political and practical arguments point to a two-tier programme rather than an integrated one.

Ideally, there should be a concerted approach drawing on the strengths of all four options. A two-tier universal programme should be linked to a programme of positive action and the relaxation of earnings rules. This should help to increase the proportion of long-term unemployed people moving back into employment. And it should also be linked to a wider strategy for economic expansion so that greater numbers of long-term unemployed people could gradually find proper employment.

It is up to the Government to determine which, if any, of these options it prefers. But these seem to be the broad options for action to help the long-term unemployed. And there seems to be no sound argument against the principle that ultimately the aim should be to extend provision to all long-term unemployed people.

If this principle were to be accepted, so that debate could concentrate on how best to implement it, we would have made a huge leap forward.

A CONCERTED APPROACH

- **Economic expansion to create new jobs throughout the economy**
- **Positive action to place greater numbers of long-term unemployed people in jobs**
- **The relaxation of earnings rules to make part-time jobs more attractive to unemployed people**
- **A new Personal Development Programme alongside the Community Programme**
- **A target of more than one million new opportunities in the Personal Development Programme for the long-term unemployed**

KEY POINTS

- **On its own, a positive action programme would do little to reduce the numbers of long-term unemployed people.**
- **A new universal programme for the long-term unemployed would not be an alternative to economic expansion. But it would offer a positive alternative to unemployment until new jobs became available.**
- **An attractive credit to top up benefits would be essential to developing a programme for all long-term unemployed people.**
- **As far as possible, the guiding principle should be that long-term unemployed people themselves decide which particular opportunity or range of opportunities they wish to follow.**

6 THE NEXT STEPS

How should our society provide for more than one million long-term unemployed people for whom no special provision is made?

That is the central question raised in this discussion document

It is an issue of such importance that it should now be examined by a high-level Committee of Inquiry.

A COMMITTEE OF INQUIRY

The Government should establish a Committee of Inquiry to undertake a comprehensive examination of the needs of long-term unemployed people.

The Committee should consider what steps might be taken *both* to create new jobs for the long-term unemployed *and* to cater for their needs whilst they are outside the labour market.

The Committee would not consider the Government's wider macro-economic policies, simply because no government could ever agree to this.

TERMS OF REFERENCE

A Committee of Inquiry should

- consider measures to promote positive action for the long-term unemployed
- determine whether there might be scope for long-term unemployed people to be employed on new projects designed to meet pressing social needs
- consider the future development of the Community Programme: should its main objective be to provide

socially useful temporary employment for long-term unemployed people, rather than to help place long-term unemployed people in the labour market?

- consider what should be done to help long-term unemployed people unable to find employment when they leave the Programme.

The Committee should also

- investigate the feasibility of providing guaranteed opportunities for long-term unemployed people on a new Personal Development Programme, linked to a national certificate
- consider the mechanisms that would need to be developed to deliver such a major new programme, and the timetable for its implementation
- investigate issues such as the approval of schemes, minimum standards, criteria for designating local bodies or consortia as providers of schemes, and the implications for the 'poverty trap' and the 'unemployment trap' of any new credit to top up benefits
- review the relationship between the Personal Development Programme and other special employment and training measures; should the Personal Development Programme be open to long-term unemployed people unable to find jobs when they leave the Community Programme?

COMPOSITION

The Committee of Inquiry should be broadly-based.

It would need to involve a number of major government departments: in particular, the Department of Employment, the Department of Education and Science, the Department of Health and Social Security and the Department of the Environment.

It would also need to involve the major interests in the education service, the local authority associations, both sides of industry and the voluntary sector.

The Manpower Services Commission would have a vital part to play in the Committee. Through the Youth Training Scheme (and previously the Youth Opportunities Programme) it has direct experience of providing guaranteed opportunities for young unemployed people. This experience would be essential to developing guaranteed opportunities on the Personal Development Programme.

A PUBLIC DEBATE

The Committee of Inquiry should hold public hearings to consider evidence from all interested groups, and particularly from the long-term unemployed themselves.

This would inform its proceedings and help to stimulate a wider public debate.

TIMETABLE

The Committee should set about its work with a strong sense of urgency and resolve. It should have a tight timetable for its work.

The first deadline should be the 1986 Budget.

1986 BUDGET

The aim should be for the Committee of Inquiry to be in place before the end of 1985. It should publish preliminary proposals in time for the Government to authorise any new expenditures that might be necessary in the 1986 Budget.

The overall report of the Committee of Inquiry could not be expected until later in 1986.

WINNING THE BATTLE

There would have to be a substantial commitment of public resources to enable new jobs and opportunities to be developed for the long-term unemployed. A battle for resources would have to be fought, and won.

CHANGE IN APPROACH

To have any chance of winning this battle, the general public would need to be convinced of the case for a radical change in approach to meeting the needs of the long-term unemployed.

Whether or not the Government agrees to set up a Committee of Inquiry, the issues and choices considered in this document should be debated urgently, and as widely as possible.

Voluntary organisations and others must now campaign for the needs of the forgotten million to be placed firmly on the political agenda.

CONCERTED ACTION

The sooner these issues are faced, the greater the chance of winning a broad basis of public support for a concerted programme of action for the long-term unemployed.

And action there must be. Action for all long-term unemployed people. Action, above all else, for the forgotten million.

ACTION FOR A FORGOTTEN MILLION

KEY POINTS AND RECOMMENDATIONS

- **The crisis of long-term unemployment is one of the greatest crises now facing Britain.**
- **There are more than one million long-term unemployed people for whom no special provision is made.**
- **The Government should establish a Committee of Inquiry to develop a concerted approach towards the needs of all long-term unemployed people.**
- **The Committee of Inquiry should invite evidence from all interested groups, and particularly from the long-term unemployed.**
- **It should consider what steps might be taken to create new employment opportunities for the long-term unemployed.**
- **It should consider the case for a new Personal Development Programme for long-term unemployed people, and assess the feasibility of offering guaranteed places on the programme, linked to a new national certificate.**
- **The Committee of Inquiry should publish interim proposals before the 1986 budget.**
- **Voluntary organisations and others should campaign for the needs of the forgotten million to be placed firmly on the political agenda.**

NOTES

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Volunteering: The First Round of the Scheme, a report to the DHSS, Volunteer Centre. Details of the 134 projects supported in 1982/83 are available from the Consortium on Opportunities for Volunteering at 26 Bedford Square, London WC1B 3HU

- 11 For a useful overview of education provision for the adult unemployed, see McDonald, J. **Education for Unemployed Adults: Problems and Good Practice**. Department of Education and Science, October 1984
- 12 For further information, contact: The British Unemployed Resource Network, 218 Summer Lane, Birmingham, B19 3RL. Church Action with the Unemployed, 146 Queen Victoria Street, London EC4V 4BY; TUC Centres for the Unemployed, Congress House, Great Russell Street, London WC1B 3LS
- 13 See **Joint Action - The Way Forward; Community Development in Local Economic Initiatives**. Bedford Square Press/NCVO, 1984. This is the report of a joint local authority association and NCVO Working Party
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3 LABOUR MARKET PROSPECTS

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Today more than 1.5 million people have been out of work for over a year. Yet only one in every five benefits from special employment measures, training schemes or education programmes. For more than a million, there is nothing.

This booklet is about the forgotten million. It asks what are their rights in a society that can no longer guarantee full employment? A concerted approach to meeting their needs is proposed, including a new Personal Development Programme which should aim to guarantee opportunities to more than one million long-term unemployed people. It is suggested that a credit should be paid automatically to those taking part in the new Programme.

In conclusion, the Government is urged to set up a Committee of Inquiry to draw up proposals for creating new jobs and other opportunities for the long-term unemployed. The author calls for a public campaign to place the needs of the forgotten million firmly on the political agenda.

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